



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

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5.16.1.1(8)

MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS

FROM: Frederick W. Schindler /s/ Frederick W. Schindler
Director, Collection Policy

SUBJECT: Tax Examiner Deviation Authority to Work Collection Field
Function Corporate Inventory

The purpose of this memorandum is to re-issue and revise instructions to Collection field Personnel for assigning cases to Tax Examiners (TEs) and to provide deviation authority for them to work corporate inventory in Collection Field function (CFf) groups. The guidance is based on the results of case reviews, focus group interviews, and analysis of inventory assigned to the TEs. Key changes to the previous Interim Guidance Memorandum contained in this document are:

- Specific criteria have been established for the cases to be assigned to TEs
- Previous deviations for Currently Not Collectible (CNC) determinations and financial analysis verification have been reduced from #
[REDACTED] #
- The initial contact attempt should be by telephone rather than pre-printed letters
- Additional guidance has been issued for cases requiring managerial review prior to reassigning the case to the queue

These cases may be located either within or outside of your area. Case work will be assigned to maximize the engagement and contribution of these employees and to have a direct, compliance focused impact on business results.

TEs will not conduct field visits. All case work will be done in the office, using the telephone, mail, and on-line services. For specific guidelines on working Collection cases, refer to procedures found throughout Part V of the IRM.

Cases to Be Worked

Cases assigned to TEs should meet the following criteria:

- Grade 09 cases
- IMF with an UBA below \$25,000
- Non trust fund BMF cases with an UBA below \$25,000
- BMF cases involving a sole proprietorship with an UBA below \$25,000
- Stand alone IMF DEL RETS and non trust fund BMF DEL RETS.
- Stand alone BMF DEL RETS on sole proprietorships
- Cases with Low or Medium Risk Codes
- No cases involving trust fund recovery penalties, LLCs, or with a PDT or CAU indicator

All assigned cases should be sub coded as 655 (DEL RET) or 656 (BAL DUE) on ICS.

Deviations Applicable to Tax Examiners Working Corporate Inventory

Nonfiler Cases

The regulations in the following IRM section specifies that a field contact will be made in order to secure returns or secure information to determine liability for a return:

- IRM 5.1.11.2 – Taxpayer Contact

A deviation is granted to the extent that a field visit to the taxpayer or representative will not be required as a means of contact on these return delinquency cases.

If an appropriate liability determination cannot be made based on internal or external data obtained on-line, by phone, through the mail, or by conducting an interview with the taxpayer in the office, the case may be returned to the queue.

Currently Not Collectible (CNC)

Tax examiners in CFf are not subject to limitations under IRM 5.16.1.1(8), which restricts conditions under which TEs may report cases CNC.

This deviation will apply to cases where the aggregate assessed liability is #
[REDACTED] #

Financial Analysis

Financial statements will be secured through telephone or personal interviews with taxpayers or representatives. In the event the taxpayer cannot be reached by telephone, the information can be secured through the mail. Ability to pay determinations will be made through investigation via mail, phone and on-line resources for verification of assets and income. Requirements in IRM 5.15.1.15(4) for field visit, IRM 5.15.1.1(9) for

in person contact, and IRM 5.15.1.3(2) for observation of business property, layout, equipment, etc., are waived under this deviation authority.

This deviation will apply to cases where the aggregate assessed liability is [REDACTED] #
#

Courtesy investigations should not be issued to secure on-line research information. If inability to pay cannot be verified through available on-line resources, telephone, or correspondence, the case will be returned to the queue.

In-Business Trust Fund (IBTF) Express Installment Agreements

Tax examiners may grant IBTF Express installment agreements at the dollar criteria set forth in Interim Guidance Memorandum SBSE – 05-0508-031 for Collection Field Personnel. No field call is required. Lien determination guidelines in IRM 5.12 will be followed when granting these agreements.

Other Pertinent Information

Initial Contacts

IRM 5.1.10.3.2 provides guidance for making an effective initial contact. A deviation is granted to the extent that a field visit to the taxpayer or representative will not be required. The first method of contact will be a telephone call. If contact is not made through a telephone call, follow procedures in IRM 5.1.10.4 for use of pre-printed letters to correspond with the taxpayer.

Issuance of Letter 1058

IRM 5.11.1.2.1(3) provides guidance for issuing the L1058 when the first contact is not in person. The letter can be sent to the taxpayer's last known address by certified mail after an attempted phone contact.

Collection Due Process (CDP)

When a taxpayer requests a CDP hearing, follow procedures in IRM 5.1.9 before sending the case to Appeals. The case will then be sent to the Appeals Office coinciding with the state/zip code of the taxpayer. The Appeals Office addresses can be found at <http://appeals.web.irs.gov/APS/bystate2.htm>.

Lien Filing

Lien determinations should be made following guidelines in IRM 5.12. Programming changes have been made to allow CFf TEs grade 7 and above to file liens on the Integrated Collection System (ICS.)

Taxpayer Request for Case Transfer

Taxpayers may request that their case be transferred to another IRS office as outlined in IRM 5.1.10.5.3(5). TEs that receive this type of request should follow the procedures in IRM 5.1.15.1.1.

Cases needing Managerial Review prior to Being Returned to the Queue

Depending on the facts of the case, and the extent of taxpayer contact, the group manager covering the taxpayer's location may be consulted to determine if the group manager wants the case assigned to a revenue officer. The following cases may be returned to the queue:

- Business Master File (BMF) - BMF cases that cannot be fully resolved and have no indications of continuing operations or employees may be returned to the queue. If the TE has confirmed via telephone call or correspondence that the taxpayer continues to operate and has employees, and an IBTF Express installment has not been granted, the case should be transferred to the group manager covering the taxpayer's location.
- CSED/ASED – any case with an imminent statute (expiring within twelve months.)
Note: Cases with less than six months remaining on the CSED cannot be transferred to the queue.
- Seizures - any case requiring a seizure.
- Summons - any case where a summons would be anticipated.
- Any complex case where the group manager agrees that the resolution is outside the scope of the TE's abilities.

This deviation authority will remain in effect for one year from the date of issuance of this memorandum. These deviations will only apply to cases being worked by tax examiners assigned case inventory under the guidelines set forth in this memorandum. When utilizing these deviations, tax examiners should document their case histories with a reference to this memorandum.

If you have any questions please contact me, or members of your staff should contact Mike Rockwell. Field personnel should elevate their questions through the appropriate management chain.

cc: Director, SB/SE Campus Compliance Services
 Director, Advisory, Insolvency and Quality
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